

Canada's Western Bank

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Bank of British Columbia Annual Report 1975

COVER PAINTING

Typical logging scene from Northern B.C. around the turn of the century, showing an early steam locomotive and wooden trestle. Original acrylic by Vancouver artist, Alan Nakano, commissioned by Bank of B.C. as part of its WESTERN ACCOUNT Scenic Cheque series.



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**Bank of
British Columbia**

Canada's Western Bank

Eighth Annual Report 1975

Annual Statement Highlights

	1975	1974	% INCREASE
TOTAL ASSETS	\$625,006,481	\$481,791,513	29.7
DEPOSITS	574,283,990	445,590,129	28.9
LOANS	466,594,656	337,335,831	38.3
SECURITIES	32,249,612	30,600,312	5.4
BALANCE OF REVENUE	5,823,834	1,842,704	216.0
BALANCE OF REVENUE (after provision for income taxes)	2,823,834	873,704	223.2
PER SHARE*	4.08	1.71	138.6
PER SHARE (no. of shares outstanding at year end)	3.69	1.71	115.8
DIVIDENDS PAID	415,818	255,278	62.9
CAPITAL FUNDS (including accumulated appropriations for losses)	30,843,267	21,048,775	46.5
NUMBER OF SHARES ISSUED	765,832	510,555	50.0

*The after tax balance of revenue has been calculated on the weighted monthly average of equivalent fully paid shares. These were 690,894 shares and 510,555 shares for the respective years.

For tax purposes, Bank of British Columbia stock was quoted on Valuation Day, December 22, 1971, at \$22.25 per share.



Albert E. Hall, *Chairman*

Message to Shareholders

It is now nine years since a Federal Charter was granted the Bank of British Columbia. On that December day in 1966, the Bank of B.C. was only an idea—without management personnel, branch premises or a penny's business on its books. And yet, the new bank ended its first year's operation with a profit, to become the only Canadian bank to open and succeed in 65 years.

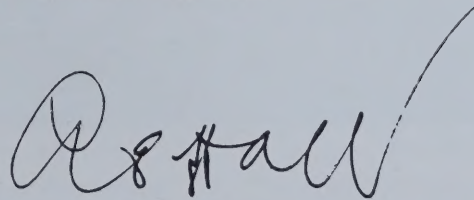
We have been so busy growing that there has been little time for reflection but I suppose we can now begin to ask, "why was the Bank a success?" As I look around, I see the answer: the men and women of the Bank, its staff, shareholders and depositors. These people, their confidence, faith and energy, are the reason Bank of B.C. is successful. How could any enterprise fall short of success with this sort of support?

It must have been faith, or a rekindling of that Western Canadian pioneer spirit, that brought people to us in those early days. Western Canada was then still the "financial frontier." Today there is a new money market headquartered in the West, a strong and significant force in the development of not just British Columbia and Alberta, but all Canada and the Pacific Rim nations.

"A new bank challenges Canada's giants" read a 1971 "Business Week" headline. "By focusing on previously ignored regional needs it (Bank of B.C.) has boosted its assets from zero to \$152 million in the three years since its founding." At the end of our eighth year of operation, assets are \$625 million.

Looking at these figures on paper, and realizing what they mean in the lives of so many people, I remember with gratitude the men and women who left security behind to join us at the outset. I think of the people who paid \$25 a share to launch our grand adventure and I salute the individuals and companies who chose to bring us their business.

A bank is not ledgers or vaults or computers. A bank is people. You are one of the men and women who form the Bank of B.C..

A handwritten signature in black ink, appearing to read "A. E. Hall", with a long, sweeping flourish extending upwards and to the right.

Albert E. Hall
Chairman and Chief Executive Officer



Trevor W. Pilley, President

Address by the President

Just over a year ago Canada was confronted with a multitude of economic problems. Our country was faced simultaneously with inflation, unemployment, a fear of shortages and a weak business outlook. As if these problems were not sufficiently challenging, there was also concern over the ability of the world's financial system to cope with the massive shift in international liquidity to the OPEC countries.

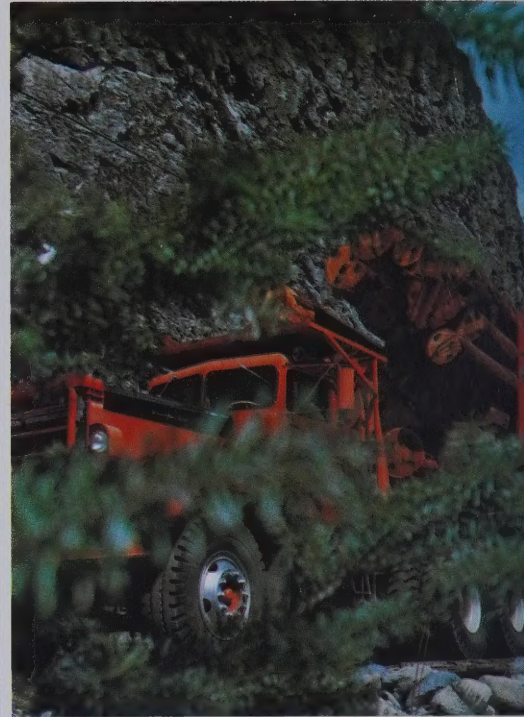
The financial system performed its task of recycling surplus petrodollars extremely well and the problems seem now to be resolved. In addition, the oil exporting countries quickly adjusted their investment and consumption patterns to remarkably high levels. Shortages also seem to be a thing of the past as we see the search for new markets once again foremost in the minds of most Canadian businessmen. Regrettably both inflation and unemployment

remain with us and continue to be Canada's most serious problems.

Since our last meeting we have come through an unsettled period. I will discuss a few of the changing economic conditions experienced, examine how they relate to our business outlook, and finally comment on trends in our economy.

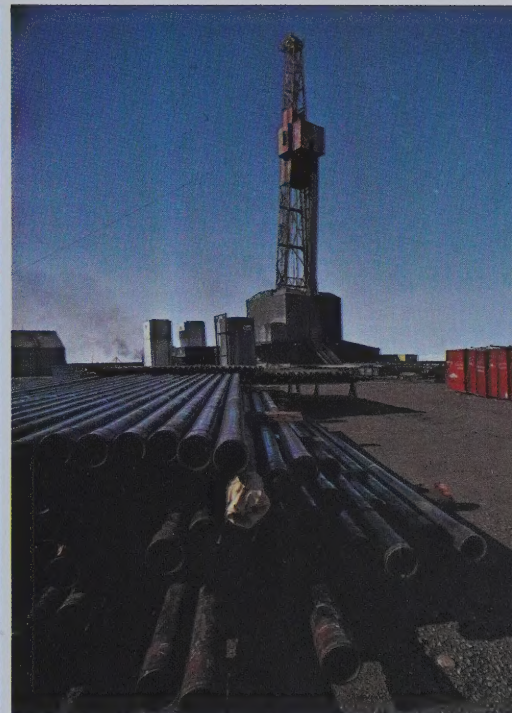
We have witnessed the most severe business contraction encountered by the Western world since the depression of the 1930's with the real total value of production in many countries declining steeply rather than just stagnating. The United States experienced a serious business contraction, and although Canada was fortunate enough to suffer much less by comparison, we can still feel the effects of weak demand for our export products. There were numerous reasons for this downturn. Some were self-correcting, others linger on.

I contend that what has been



experienced both here and in the United States should have been a fairly straightforward inventory adjustment period. Inflation, however, made this adjustment quite severe. During most of 1974 consumer spending in Canada remained strong. However, in the much larger U.S. market, consumer spending was weak, while much of the rest of the economy looked strong when measured in inflated dollars. Inflation distorted the economic picture in both countries as it swelled profit and sales figures, distorted business statistics, and created an exaggerated feeling of prosperity in some sectors of the business community. Dollar volumes continued to be strong even though unit sales were not, and the fear of shortages and future price increases for raw materials was breeding "buy now and stockpile" attitudes at the manufacturing level. Unfortunately inflation was eroding the buying power in many areas of the private sector, therefore as U.S. consumers began to cut back, too much of the apparent prosperity of the period went into inventories.

In addition to these problems, inflation was swelling the federal treasuries of both the United States and Canada. Even though we have the benefit of partial indexing in our Canadian tax system, both individual taxpayers as well as corporations have found their tax burden increased. Inflation pushed individuals into higher tax brackets and many corporations discovered they had begun paying taxes based on inflated inventory values as well as taxes on their normal operating profits. The apparent prosperity of 1974 could not



continue in the face of this inflation. However, inflation mislead so many people that it caused the business contraction to come later, and to be more severe than it should have been.

During the last year both Canada and the United States have hopefully passed through the correction period. Canada was quick to stimulate its economy with fiscal measures, while the U.S. was much slower to react. For this reason, the reduction in Canadian total output was only about 2% while the U.S. suffered a relative reduction almost four times as large. Both countries developed high levels of unemployment. However, in the U.S. the unemployment was more evenly spread, and expectations were dampened. The rise in inflationary wage settlements was eased and the government was able to reduce the rapid rate of growth in the money supply. In response, their inflation rate has been cut in half when compared to peak levels of 1974.

In Canada many of us were convinced our problems were slight, especially when compared to those of other countries such as the United States. This feeling was widely accepted and was reinforced by public statements made by numerous government leaders. Our Federal Government maintained a course of heavy fiscal and monetary stimulus and our rate of increase in wage costs never did respond to the realities of the recession. In fact, wage costs in Canada continued to accelerate throughout most of this year. Virtually every sector had grossly unrealistic expectations of how much our economy could produce.

Moreover, we in Canada have been compounding our problems by trying to distribute and enjoy our wealth even before we create it. We have been preoccupied with what are admittedly important distributional concerns, and have thus tended to partially ignore the equally important problem of increasing total production. In this regard we must begin to place added emphasis on increasing total output. Furthermore, a healthy increase in aggregate production would lessen our distributional pressures. Fortunately, some of these problems will be partially alleviated by the anticipated cyclical rebound in North America.

Most business recessions sow many of the seeds for their own recovery, and the most recent example is no exception. The United States has reduced its massive inventories and is now into the early stages of what could be a strong recovery. Moreover, the U.S. economic recovery appears not only strong, it is broadly and evenly based. Almost all sectors have been registering healthy increases during the past few months. Even the sector generally considered most important to Western Canadians, namely the housing market, is beginning to show encouraging signs of improvement. The U.S. recovery is particularly good news for a broad range of Canadian businesses, especially those in the export sector. Our country is as dependent as any in the world on the health of international trade. Almost one quarter of our total production of goods and services is directed to foreign markets, and the U.S. purchases approximately

70% of these exports.

Although I have been taking a Canadian viewpoint when discussing the importance of U.S. markets, we are certainly not alone in wishing the U.S. economy a speedy and healthy recovery. Other trading nations, for example those in Europe, South America and the Pacific Rim also rely heavily on healthy trade patterns. It is becoming ever more obvious to most nations of the world that our needs and similarities are more important than our differences, and in recognition of this fact we may also note that prosperity can be contagious. Therefore, as we see renewed strength in the U.S. economy, we can easily translate this into new strength for most of Canada's export-oriented industries. In addition to this we perceive underlying vitality in certain domestic sectors.

Consumer spending is the largest single category of economic activity in Canada, and this particular sector has remained quite buoyant in recent months. This, in turn, is lending support to our manufacturing industries. There are other areas of strength as well. Construction of non-residential buildings has remained healthy, and even our residential housing sector is beginning to show encouraging signs of recovery. Furthermore, certain segments of Canada's agricultural industry, particularly the grain farmers, have had a prosperous year. Also, the Province of Alberta continued to enjoy an exceptionally high level of economic activity characterized by healthy levels of investment in almost all areas. Finally, we expect a continuing long-term



growth trend for Pacific Rim trade and British Columbia will of course benefit from this increased activity. The fundamental conditions are such that 1976 should be a good year, particularly for Western Canada. Still, as I have said, two serious problems remain with us, inflation and unemployment. What we most require is the return of stable growth to help resolve our unemployment problem. Inflation is a serious handicap to the resumption of this growth.

One of the most serious inflation-related business problems is one which is often mistakenly believed to be actually a benefit. This is the aspect of inventory profits which is particularly acute for manufacturing companies. These inventory profits represent an illusory increase in the value of the manufacturers' actual stock of various items which are in the process of being changed from raw materials to final output. Thus it is a form of capital gain on the items being processed that occurs not from the normal manufacturing process. Instead it occurs only because of general inflation. Although this type of gain is not really an operating profit, it is taxed as if it were. A tax of this type can weaken a manufacturing company while it increases the final cost which must be paid by the consumer.

Each time a manufacturing company sells a final product it may be forced to pay in taxes almost 50% of any increase in the product's value caused by inflation. This type of tax is particularly harmful because manufacturing is a continuing process. The manufacturer must replace raw material

inventory, and now must pay the inflated price when purchasing from suppliers. In this example taxes have already been paid in an amount equal to almost half of the increase. Now that the full amount of the increase must be paid to the supplier of the raw material, the company may find it is unable to do so with remaining monetary resources. This undermines the capital structure of the manufacturer and often forces the manager to seek additional working capital. Forced to rely more heavily on outside sources of funds due to a weakened capital position will also generally increase the company's borrowing costs. These increased costs will, of course, raise the final product price which must ultimately be paid by the consumer. These actions in general will also tend to push interest rates upward and will therefore pressure the Central Bank to expand the money supply. Finally, this all occurs at a time when some members of the public are vilifying the manufacturer for making exorbitant profits.

I wish I could say that I have covered all of the inventory profit question, but the problem has a second round effect which goes even deeper. Corporate profits have consistently contributed a larger share toward capital investment than has come from any other source. However, today's combination of inflation and a tax on inflated values is acting as an investment deterrent. As I have described, a larger proportion of after-tax corporate profits must now be used to finance inventories. Therefore, an operating business has less to reinvest in new

productive capacity. Furthermore, any new investor must make adjustments for the effects of the inflation problem to determine the true rate of return on the potential investment. After the adjustments are made, it is often found that the actual rate of return is too low to justify new investment from outside the industry. This serious problem must be resolved, and in this regard I would recommend that Canadian businesses should be allowed to use accounting methods which will relieve them of this unfair tax burden.

Another of the significant handicaps caused by inflation is the imposition of added uncertainty in our economic system. Costs become almost impossible to estimate on all but the most short-term projects, and the terms of a contract can be drastically and often unfairly altered by an unexpected change in the value of money. In the confusion caused by rapidly rising prices, certain groups with sufficient strength are able to extract excessive gains at the expense of others who have been left far behind. The resulting imbalance in traditional distributions of wealth and income causes further strife as other groups try to regain their earlier positions, or perhaps gain a little more to allow a cushion for future price increases. Of course, these actions and reactions are not only self-defeating, they are self-perpetuating as they reinforce our inflationary cycle.

What I have just alluded to is a scramble for higher wage shares. The scramble for higher prices is similar. Often we stress the conflicts and differences between wages and prices.



I want to stress the similarity, and the similarity is more than the fact that each side is scrambling for more. Wages and prices really are the same thing. A wage is nothing more than a price for labour. If we examine the situation in this manner, it does not matter from which perspective we view the problem, a simple truth emerges. One man's price is another man's cost.

It is true that both business and labour have participated in the price increase game. However, there is a third participant and here I am referring to our Federal Government, for without its active involvement the price increase game could not be played. It is not possible for business and labour to proceed on an arbitrary course of continually raising prices as there would soon be insufficient monetary purchasing power to clear the market of the goods being offered. Government participation has removed this natural restraint from our economic system by injecting our economy with more total buying power than there are goods to be purchased. The source of this extra buying power has been a recent series of budgetary deficits which have been financed in part by a large expansion of the supply of money in circulation. Running a deficit of this type has its good and bad aspects. It is expansionary and stimulative to the economy, and it will probably help to reduce the level of unemployment in the short term. It does these good things because it creates added purchasing power, and for this very same reason it has recently proven to be highly inflationary.

Canada has been pursuing inflationary policies for quite some time now, and it can be argued that these types of inflationary actions are the result of over-dependence on governmental programs. It would appear that for the past few years the majority of Canadians has approved of the movement toward making more of our decisions collectively through the political process and less in the marketplace. This is probably the most likely explanation for the rapid expansion of government involvement in every aspect of our daily lives.

Most of us have overestimated what governments can reasonably be expected to achieve with economic policies. I do not wish to be harsh by singling out any one group to blame for our inflation problem. There is blame enough to share. Our leaders have promised too much. The public has demanded and expected too much. Finally, our government has attempted to allocate more than is available from our total production. Thus, inflation is really a manifestation of a political problem. Because of this, the obstacles to ending inflation are also political. We have the technical tools to stop inflation, but it can be stopped only if we really collectively desire to do so.

We have recently entered an era of wage and price controls. This is an important first step and we strongly support the spirit of the legislation. The very nature of this type of program, however, is such that it can only be a first step, not a final solution. We must all put forth the required extra effort to make this program work, if only to rid

ourselves of controls at an early date. Furthermore, the controls program will temporarily give us badly needed relief from many of the ill effects of inflation. It is important that our government should use this respite to cut back on its own expansionary tendencies because the underlying causes of inflation are overly expansionary fiscal and monetary policies. Therefore, the success of the wage and price control program depends heavily on the willingness of government to control its own expansion.

In closing, I would like to examine some of the important lessons we should have learned over the past year. Interdependencies among nations have been painfully demonstrated by the recent worldwide business downturn. It is also to our mutual advantage to continue developing improved relationships within the Pacific Rim trading area. Furthermore, in Canada we must return to more realistic expectations of our economy's potential capabilities. We must also accept the need for a strong collective effort to reduce inflation. Lastly, we need to improve incentives which will foster increased capital investment. This additional investment is mandatory if we are to achieve a healthy growth rate once again, which in turn is necessary to alleviate both distributional pressures and our unemployment problem. These goals are reasonable and can be achieved if we have learned the lessons of the past year.



Victor Dobb, Executive Vice President and General Manager



Inflation Fighter Certificates: a new

General Manager's Report

It is a great pleasure for me to report the very satisfactory growth in assets and earnings for the year ended October 31, 1975. Total assets grew by 29.7% from \$482 million to \$625 million, while Balance of Revenue increased 216% from \$1,800,000 to \$5,800,000. After provision of \$3 million for income taxes, net after tax Balance of Revenue produced an earnings per share figure of \$3.69 compared to \$1.71 last year, based on the number of shares outstanding at each year end. In terms of this significant increase in profits, it is timely to record that our shareholders who have supported the Bank by accepting a low return on their investment during the formative years, are now participating in dividend declarations for a rate of return which closely approximates the average yields of all Canadian banks. Of course this is based on a market price which does not reflect book value of stock which is now recorded at \$27.25 per share.

In the context of overall increases in all categories of the financial statements, and for those who are quick to criticize profits, I may say that the increase in our contribution to government revenues has exceeded any of the other percentage increases. Total income tax provisions in 1975 were almost \$2,500,000, an increase of 530% from last year.

Business Environment

Contributing to the very favourable results which I have reported was a conflict between market direction and government policy. Interest rates

were beginning to fall at the start of the fiscal year as the economy slowed down. Prime rate was lowered in four steps from 11.5% to 9% between November 1974 and March 1975. Normal reaction of the monetary authorities to slackness in the economy is to force interest rates down and sharpen the increase in money supply. The Central Bank rate, however, was only dropped twice and the last two reductions in prime rate were not led or even accompanied by similar Bank of Canada action. Clearly the authorities were signalling that rates were falling too fast for an inflationary economy.

Increasing money supply, however, had its effect on the system and forced money market deposit rates down. As a result, highly favourable spreads were produced in the second and third quarters. Add to this the reduction in required secondary reserves from 8% to 5½%, permitting banks to shift lower earning assets into higher yielding loans and you have a clear picture of an environment which was conducive to a healthy earnings result.

This abnormal situation was, however, shortlived and conditions changed in the last quarter as pressure was felt in the banking system to accommodate stronger loan demand. Spreads have narrowed significantly; Bank of Canada and bank prime rates rose by ¾ in September, and we do not foresee any easing in the near future.

Capital

The rights issue successfully completed last January was fully sub-

scribed and produced new capital, net of expenses, of \$3,666,117. Coupled with the transfer from undivided profits of \$1,886,653 to Rest Account and the issue of an additional \$3 million of 9-¾% debentures maturing in 1985, total capital funds available to your Bank increased from \$18,200,000 to \$26,800,000. In addition, Accumulated Appropriations for Losses Account has been built up to in excess of \$4 million, which amount is set aside for future contingency purposes. This enlarged capital base will support further development and expansion of our business.

Deposits

Once again I am pleased to report a very strong growth in personal savings deposits. These have grown in one year by almost \$50 million, an amount only slightly less than the total accumulated in the first six years of operations. Personal savings entrusted to us as at October 31, 1975 now exceed \$167 million. An important contributor to this growth has been the continued success of our Pioneer Service Plan, which incorporates the unique Inflation Fighter Savings Account.

This has encouraged us to extend the indexing concept to a new deposit instrument known as the Inflation Fighter Certificate. The early results of our campaign to attract new deposits with this instrument, launched in mid-October, have been most satisfactory.

Loans

Loan growth during the year



ed exclusively to Bank of B.C. customers.



Second branch in Edmonton opened November 26, 1975.

continued strong and in fact, increased at a greater pace than assets and deposits. This reflects a more efficient asset mix for a higher earnings capacity, while at the same time a good balance of liquidity is maintained in readily marketable securities and day and call loans to investment dealers. Total other loans now stand at \$413 million, up from \$301 million a year ago. Loan totals are represented by a sound diversified portfolio including many medium and small size business enterprises; individuals for a variety of consumer purposes and home owner mortgages, as well as foreign currency loans developed through our International Banking operations which are playing an increasingly important role in the total activities of your Bank.

A very strong demand for residential mortgages persisted throughout the year and we committed in excess of \$31 million to this segment of our portfolio in fiscal 1975. Recognizing the size and youth of your Bank in relative terms in the industry, we consider we have made a substantial contribution to the residential mortgage market by making available more than \$111 million to 3,500 home owners in British Columbia and Alberta. \$100 million of this figure has been committed over the past four years.

Branch network

Two new branches were opened in British Columbia during the year; one in Langley in April 1975 and the other in Burnaby in mid-October. The fact that these were the only two branches out of our domestic network

of thirty which did not make a positive contribution to earnings in the fiscal year, attests to the strong support we continue to receive as we expand our markets.

Construction delays interfered with our branch expansion programme and two branches in Alberta scheduled for fiscal 1975 were not completed by the year end. One of these, our new Main Office in Edmonton, was opened on November 26 and the other, in South Edmonton, will not be ready until March 1976.

One other branch is firmly planned for North Edmonton, also scheduled to open next March. This will give us six branches in the two major cities of Alberta, with twenty-seven in British Columbia. Other sites in both provinces are being researched. We have had a fine reception in our neighbouring province, where we have many shareholders and friends, which has made Alberta most desirable for diversification, profitability and service to the public.

International Banking

In a year which saw some relief from 1974's erratic foreign exchange and money market conditions, the International Banking Department and San Francisco Agency showed continued growth in both assets and earnings.

In spite of a world-wide trade recession, there were many opportunities in the fields of project financing, government loans and inter-bank business. Higher yields in these categories, combined with increased revenues

from foreign exchange and sundry services, produced a growth in net earnings which kept pace with the Bank's overall performance.

The overseas call programme was maintained and expanded. During the year visits were made to the United States, Mexico, Philippines, Hong Kong, Japan, United Kingdom, Belgium, France, Germany and Switzerland.

Bank Act Revision

The Bank Act, which is the regulatory legislation governing chartered banks in Canada, is scheduled for renewal in 1977. The revision process is a long and complicated one, whereby briefs from many industries are submitted to the Federal Minister of Finance for study and consideration. In the final analysis, the Department of Finance submits draft legislation to parliament which, in turn, is referred to the Committee on Finance, Trade and Economic Affairs. Following Committee hearings, any changes are recommended to parliament so that the final process can be completed for the new legislation to take effect July 1, 1977.

The basic recommendation of the banking industry, with which we agree, is to encourage the establishment of an equitable, competitive environment in which all financial intermediaries should operate in the public interest. We believe there is a demonstrable need for non-bank financial intermediaries to be subject to the same regulation and control as chartered banks.

Your General Manager, along with several of the senior officers of



Satisfied Pioneer Service Plan customers have contributed to our deposit growth.



Cheques are processed in the Bank's modern computer centre.

Bank, has been heavily involved over the past year in the development of the Industry Brief and expects to be similarly involved in the ongoing revision process over the next twelve months.

Accomplishments

I would now like to comment on some highlights of major accomplishments of your Bank in its first eight years of operations.

1. Bank of British Columbia was the key to establishment of a full scale money market in Vancouver, whereas previously these operations were conducted in Toronto and Montreal. Corporate borrowers and depositors are now brought together locally in their own time zone to achieve their financial needs most efficiently.
2. Bank of British Columbia was instrumental in the development of an active local inter-bank foreign exchange market which extends south within our own time zone.
3. Bank of British Columbia introduced the first multi-service, single fee, personal banking package plan in Canada through its Western Account.
4. Bank of British Columbia recognized a social responsibility to the pioneers in our community on fixed incomes in an inflationary environment by developing its Pioneer Service Plan. This plan eliminates all monthly service charges to those 65 and over and includes the Inflation Fighter Savings Account where interest earned is indexed to the cost of living.
5. Bank of British Columbia has provided local investors with funds to

retain control of local industries. An example of this, which received much publicity at the time, was the Bank's willingness to support the management group in its joint bid with a Vancouver based Corporation to keep control of Johnston Terminals in local hands. Johnston Terminals is a major factor in an important industry in our British Columbia economy and continues to prosper and justify our faith and support.

Human Resources

Personnel strength increased during the year from 696 to 792. The outstanding results achieved are due to the abilities and dedicated efforts of all our personnel. I take great pleasure in thanking them all on your behalf for an outstanding job.

Late in the year, our former Personnel and Training Departments were restructured and combined under the title "Human Resources Department". The objectives of this department are to ensure our personnel have access to the best possible training, employee benefits, and planned career development.

Eight of our employees achieved "Fellow of the Institute of Canadian Bankers" diplomas in the 1974/75 academic year, bringing the number of F.I.C.B. holders in the Bank to twenty-three.

We are certain our personnel will continue to provide aggressive support in the Bank's future growth.

The Year Ahead

Monetary expansion is expected to be much subdued from that of 1975. The declared stance of the Bank of Canada is to moderate the growth in money supply to curb inflation. In this climate we expect some tightness in the system which will see the continuation of a high interest rate structure. Accordingly, the unusually favourable spreads which characterized the middle two quarters of the last fiscal year are not anticipated this year. This, coupled with a heavier branch expansion programme, together with rapidly escalating costs, particularly in the personnel area, suggests a more modest growth in earnings in fiscal 1976.

Branch scene: The Bank prides itself on the appearance of tellers and branches. Comments from our customers show we know it is appreciated.





Statement of Revenue, Expenses and Undivided Profits

Year ended October 31, 1975 (With comparative figures for 1974)

	1975	1974
REVENUE:		
Income from loans	\$48,628,270	\$39,013,750
Income from securities	3,393,916	2,142,011
Other operating revenue	<u>3,792,358</u>	<u>2,392,330</u>
Total revenue	<u>55,814,544</u>	<u>43,548,091</u>
EXPENSES:		
Interest on deposits and bank debentures	33,076,931	29,094,560
Salaries, pension contributions and other staff benefits	9,085,418	7,129,494
Property expenses, including depreciation	1,891,043	1,518,978
Other operating expenses, including provision for losses on loans based on five-year average loss experience	<u>5,937,318</u>	<u>3,962,355</u>
Total expenses	<u>49,990,710</u>	<u>41,705,387</u>
Balance of revenue	5,823,834	1,842,704
Provision for income taxes relating thereto (note 3)	<u>3,000,000</u>	<u>969,000</u>
Balance of revenue after provision for income taxes	<u>2,823,834</u>	<u>873,704</u>
Appropriation for losses	<u>1,750,000</u>	<u>549,000</u>
Balance of profits for the year	1,073,834	324,704
Dividends	<u>415,818</u>	<u>255,278</u>
Amount carried forward	658,016	69,426
Undivided profits at beginning of year	68,770	49,344
Transfer from accumulated appropriations for losses	<u>1,225,000</u>	<u>—</u>
	1,951,786	118,770
Transferred to rest account	<u>1,886,653</u>	<u>50,000</u>
Undivided profits at end of year	\$ 65,133	\$ 68,770

Statement of Rest Account

Year ended October 31, 1975 (With comparative figures for 1974)

	1975	1974
Balance at beginning of year	\$ 8,100,000	\$8,050,000
Premium on issue of capital stock	1,276,385	—
Expenses of issue, net of income taxes (note 3)	(163,038)	—
Transferred from undivided profits	<u>1,886,653</u>	<u>50,000</u>
Balance at end of year	<u>\$11,100,000</u>	<u>\$8,100,000</u>

See accompanying notes to financial statements.

Statement of Accumulated Appropriations for Losses

Year ended October 31, 1975 (With comparative figures for 1974)

	1975	1974
ACCUMULATED APPROPRIATIONS AT BEGINNING OF YEAR:		
General	\$ 2,769,119	\$1,577,210
Tax-paid	<u>5,336</u>	<u>5,336</u>
Total	<u>2,774,455</u>	<u>1,582,546</u>
ADDITIONS (DEDUCTIONS) DURING YEAR:		
Appropriation from current year's operations	1,750,000	549,000
Loss experience on loans for the year less provision included in other operating expenses	(67,136)	345,085
Profits and losses on securities, including provisions to reduce securities other than those of Canada and provinces to values not exceeding market	286,995	(282,176)
Income tax credit relating to appropriation from current year's operations (note 3)	500,500	580,000
Transferred to undivided profits	<u>(1,225,000)</u>	<u>—</u>
	<u>\$ 1,245,359</u>	<u>\$1,191,909</u>
ACCUMULATED APPROPRIATIONS AT END OF YEAR:		
General	3,954,767	2,769,119
Tax-paid	<u>65,047</u>	<u>5,336</u>
Total	<u>\$ 4,019,814</u>	<u>\$2,774,455</u>

Notes to Financial Statements

1. Debentures issued and outstanding

	1975	1974
7 1/2% Debentures, redeemable at holder's option in 1977, maturing 1991	\$5,000,000	\$5,000,000
9 3/4% Debentures, redeemable at holder's option in 1980, maturing 1985	<u>3,000,000</u>	<u>—</u>
	<u>\$8,000,000</u>	<u>\$5,000,000</u>

2. Capital stock

As a result of a rights issue in January 1975, 255,277 shares were issued by the Bank at a price of \$15 each of which \$10 was credited to capital stock and \$5 was credited to the rest account.

3. Income taxes

The income tax provision for the year is included in the financial statements as follows:

	1975	1974
Statement of revenue, expenses and undivided profits	\$3,000,000	\$969,000
Statement of accumulated appropriations for losses	(500,500)	(580,000)
Statement of rest account	<u>(42,000)</u>	<u>—</u>
Total provision for income taxes	<u>\$2,457,500</u>	<u>\$389,000</u>



Statement of Assets and Liabilities—October 31, 1975

(With comparative figures at October 31, 1974)

	1975	1974
Assets		
CASH RESOURCES		
Cash and due from banks	\$ 95,630,787	\$ 79,134,772
Cheques and other items in transit, net	<u>2,217,500</u>	<u>12,951,507</u>
	<u>97,848,287</u>	<u>92,086,279</u>
SECURITIES		
Securities issued or guaranteed by Canada, at amortized value	18,960,201	19,114,301
Securities issued or guaranteed by provinces, at amortized value	2,421,313	1,580,633
Other securities, not exceeding market value	<u>10,868,098</u>	<u>9,905,378</u>
	<u>32,249,612</u>	<u>30,600,312</u>
LOANS		
Day, call and short loans to investment dealers and brokers, secured	53,650,365	36,565,450
Other loans, including mortgages, less provision for losses	<u>412,944,291</u>	<u>300,770,381</u>
	<u>466,594,656</u>	<u>337,335,831</u>
Bank premises, at cost less amounts written off	3,977,953	2,910,730
Securities of and loan to a corporation controlled by the Bank	7,164,500	4,360,000
Customers' liability under acceptances, guarantees and letters of credit, as per contra	16,503,890	14,052,763
Other assets	<u>667,583</u>	<u>445,598</u>
	<u>\$625,006,481</u>	<u>\$481,791,513</u>

ALBERT E. HALL, Chairman and Chief Executive Officer
VICTOR DOBB, Executive Vice President and General Manager

h 208

	1975	1974
Liabilities		
DEPOSITS:		
Deposits by Canada	\$ 4,181,383	\$ 3,151,657
Deposits by provinces	19,416,335	6,101,405
Deposits by banks	39,014,605	44,443,328
Personal savings deposits payable after notice, in Canada, in Canadian currency	167,488,912	118,919,805
Other deposits	<u>344,182,755</u>	<u>272,973,934</u>
	<u>574,283,990</u>	<u>445,590,129</u>
Acceptances, guarantees and letters of credit	16,503,890	14,052,763
Other liabilities	3,375,334	1,099,846
Accumulated appropriations for losses	4,019,814	2,774,455
CAPITAL FUNDS		
Debentures issued and outstanding (note 1)	8,000,000	5,000,000
Capital stock		
Authorized 1,000,000 shares, par value \$10 each		
Issued and fully paid 765,832 shares (1974—510,555 shares) (note 2)	7,658,320	5,105,550
Rest account	11,100,000	8,100,000
Undivided profits	<u>65,133</u>	<u>68,770</u>
	<u>26,823,453</u>	<u>18,274,320</u>
	<u>\$625,006,481</u>	<u>\$481,791,513</u>

See accompanying notes to financial statements.

**Auditors' Report to the Shareholders of
Bank of British Columbia**

We have examined the statement of assets and liabilities of Bank of British Columbia as at October 31, 1975 and the statements of revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the foregoing statements present fairly the financial position of the Bank as at October 31, 1975 and the revenue, expenses and undivided profits, accumulated appropriations for losses and transactions in the rest account of the Bank for the year ended on that date.

D. C. Selman, C.A.
of Peat Marwick, Mitchell & Co.

Vancouver, British Columbia
November 17, 1975

Denham J. Kelsey, F.C.A.
of Thorne Riddell & Co.



**Bank
of B.C.**

Statement of a controlled corporation BBC Realty Ltd.

Statement of Assets and Liabilities—October 31, 1975

(With comparative figures at October 31, 1974)

	1975	1974
Assets		
Cash in bank	\$ 32,224	\$ 4,700
Agreements receivable	286,462	292,555
Houses held subject to agreements for sale to employees of the bank	6,597,799	3,821,736
Land and buildings, at cost less accumulated depreciation	283,073	290,180
Other assets	1,329	1,329
	<u>\$7,200,887</u>	<u>\$4,410,500</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 36,387	\$ 50,500
Loan from Bank of British Columbia	7,154,500	4,350,000
Capital stock:		
Authorized 10,000 shares, par value \$100 each		
Issued and fully paid 100 shares	10,000	10,000
	<u>\$7,200,887</u>	<u>\$4,410,500</u>

NOTE:

The Bank owns the entire capital stock of BBC Realty Ltd. which is carried on the books of the Bank at \$10,000.

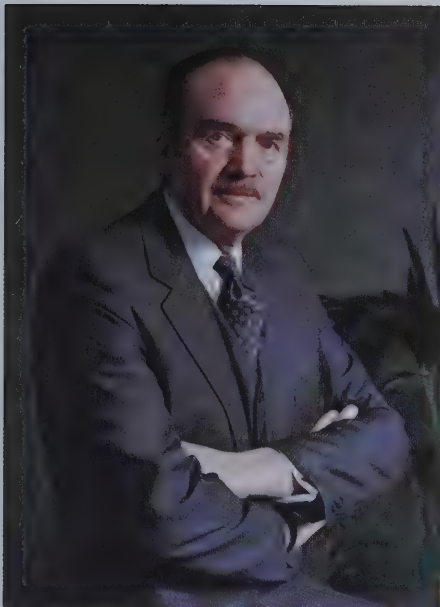
Auditors' Report to the Shareholders of Bank of British Columbia

We have examined the statement of assets and liabilities of BBC Realty Ltd., a controlled corporation, as at October 31, 1975. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement of assets and liabilities presents fairly the financial position of the corporation as at October 31, 1975.

Vancouver, British Columbia
November 17, 1975

D. C. Selman, C.A.
of Peat, Marwick, Mitchell & Co.
Denham J. Kelsey, F.C.A.
of Thorne Riddell & Co.



Donald M. Clark, Q.C. Secretary

Minutes of the Eighth Annual General Meeting of the Shareholders

The 8th Annual General Meeting of the Shareholders of Bank of British Columbia was held on Tuesday, December 9th, 1975 at 11:00 o'clock in the forenoon in the Vancouver Island Room, Hotel Vancouver, 900 West Georgia Street, Vancouver, B.C.

Mr. A. E. Hall requested the approval of the Meeting to the appointment of himself as Chairman and Mr. D. M. Clark as Secretary of the Meeting, and the appointment of Mr. Gordon R. Hall and Mr. Murray McDonald as Scrutineers to compute the votes of any ballots taken at the meeting and to report thereon to the Chairman.

UPON MOTION by Mr. C. E. Hall, seconded by Mr. R. T. Cunningham, it was resolved that the foregoing appointments be approved.

The notice of meeting was read by the Secretary. Mr. Hall advised the meeting that he had received satisfactory proof from the Secretary of the Bank that the notice calling the meeting had been duly publicized in accordance with the Bank Act and had been sent to each shareholder of the Bank and, as a quorum was present, he declared the meeting duly constituted.

Mr. Hall then addressed the meeting as follows:

"I am indeed pleased to see such an excellent turnout of shareholders and guests for this the Eighth Annual Meeting of the Bank. These Annual

General Meetings present your Directors and Officers with the opportunity of reviewing the year's results and it is most encouraging to all of us to have your kind support once again. The Statements for the fiscal year ended October 31st, 1975 will show that your Bank has had a very successful year and both total assets and earnings indicate excellent gains. These results could not have been obtained unless we had the full support of our shareholders, Directors and personnel of all ranks of Bank of British Columbia. The members of the Board join me in saying thank you for a job well done.

It is with deep sorrow that we record the death of our colleague, Mr. Harold Barrington Elworthy, on June 15th, 1975. Mr. Elworthy was one of the five Provisional Directors and served the Bank as President from October 2nd, 1967 to January 23rd, 1968 and was Vice President of the Bank from January 23rd, 1968 until his death. His loyalty and constant interest in the Bank's progress will be greatly missed.

Mr. Kenneth A. W. Long resigned from the Board on August 26th, 1975. Mr. Long is the senior officer of an important lumber operation in the Kamloops area and, due to difficult conditions in the industry, he found it impossible to devote the required time to the Bank. Mr. Long contributed a great deal to the progress of the Bank during his tenure and we are sorry he felt it necessary to tender his resignation.

I am pleased to announce that on May 6th, 1975 Mr. A. William Everett joined the Board of Directors. Mr. Everett is prominent in the automotive field in Vancouver and Winnipeg and is President of Dominion Vancouver Motors Limited, Dominion U-Drive Limited and D.V.M. Realty Ltd.

On May 20th, 1975 Mr. W. Thomas Brown was elected to the Board. He is well known in the investment field in British Columbia and, indeed, in Canada. Mr. Brown has had a distinguished career in finance and is presently Chairman and Chief Executive Officer of Odlum, Brown & T. B. Read Ltd. He was also one of the members of the Royal Commission on Banking and Finance in 1964.

We are certainly very pleased to have both of these gentlemen on the Board and know they will contribute importantly to the future progress of the Bank.

On July 15th, 1975 Mr. Coleman E. Hall was appointed Vice President of the Bank. Mr. Hall is one of the original Directors of the Bank, having served in that capacity since May 8th, 1967. His strong support over this

period in directing business to the Bank, as well as giving freely of his time and counsel, has been greatly appreciated by his associates and management."

Mr. Hall stated that minutes of the Seventh Annual General Meeting had been published and circulated to all of the shareholders and Mr. W. C. Mearns moved: "That the minutes of the Seventh Annual General Meeting of the shareholders of the Bank held on December 10th, 1974, copies of which have been mailed to the shareholders, be taken as if read, and approved and adopted."

The motion was seconded by Mr. A. H. Mitchell.

Mr. Hall then requested the shareholders to mark Ballot "A" for the approval of the Minutes to be collected by the usherettes after all ballots had been marked.

Mr. Hall then stated: "As you have copies of the Statement of Assets and Liabilities of the Bank and of the Statements of the Rest Account, Revenue, Expenses and Undivided Profits, and Accumulated Appropriations for Losses before you, we will forego, with your approval, the actual reading of these Statements, except for the Auditors' Report appended to the Bank's financial statement and the Directors' Report.

We will be hearing shortly from the General Manager on the operations of the Bank for the fiscal year just ended. Following his comments, we will be hearing from our President, Mr. Trevor Pilley, as to his views on present and future conditions. After these two addresses, there will be a full opportunity for shareholders to ask questions."

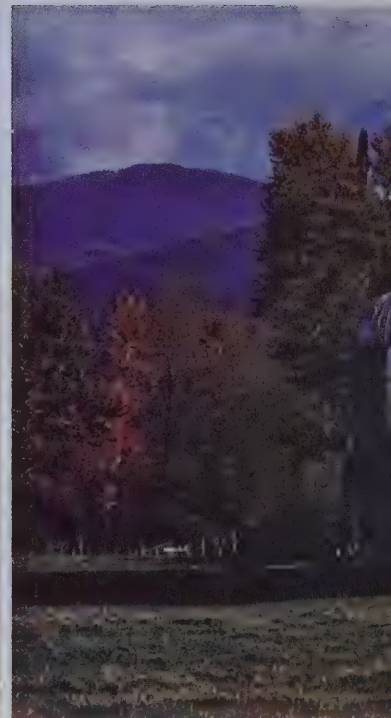
The Chairman then called upon the Secretary to read the Directors' and Auditors' Reports:

Directors' Report:

"The Directors of Bank of British Columbia take pleasure in submitting to the shareholders their report on the results of the Bank's operations for the financial year ended October 31st, 1975, and the Eighth Annual Statement which contains statements of the rest account, revenue, expenses and undivided profits, accumulated appropriations for losses, and a statement of assets and liabilities as of that date, together with a statement of assets and liabilities, of the Bank's controlled corporation, BBC Realty Ltd., annexed thereto.

Since October 31st, 1974, two new branches of the Bank were opened making a total of thirty branches of the Bank at the fiscal year end.

All branches of the Bank opened prior to April 30th, 1975 have been



inspected by the Bank's inspecting officers and the remainder will be inspected at an early date.

It is with deep sorrow that we record the death of our Vice President and Director, Harold Barrington Elworthy, on June 15th, 1975. Mr. Elworthy was one of the five Provisional Directors of Bank of British Columbia who also served as President of the Bank from October 2nd, 1967 to January 23rd, 1968. He made a significant contribution to the Board and his loyalty and constant interest in the Bank's progress will always be remembered by his fellow members of the Board.

The Auditors appointed by the shareholders, D. C. Selman, C.A., and D. J. Kelsey, F.C.A., have made their examination of the Bank's affairs and their report accompanies the Annual Statements.

A. E. Hall,
Chairman."

The Auditors' Report to Shareholders was then read. (The Auditors' Report appears on page 15).

It was then moved by Mr. A. E. Hall, seconded by Mr. R. J. Bennett that the annual statements for the fiscal year ended October 31, 1975 and the Directors' and Auditors' Reports thereon be adopted.

Mr. Hall requested the shareholders to mark Ballot "B" for the adoption of the statements and reports.

Mr. Hall then stated: "The provisions of the Bank Act require that one of the Auditors be replaced every two years and this year we have asked Mr.

Donald C. Selman, C.A., of Peat, Marwick, Mitchell & Co. to step down. I should like to express to him on your behalf our sincere thanks for his excellent work. He has, in every way, rendered service of the highest quality during the past and it is with great reluctance that we are now required to make a change. I hope we will see him back with us in the future."

It was then moved by Mr. R. T. Cunningham, seconded by Mr. P. P. Saunders, "that Mr. Denham Kelsey, F.C.A., of Thorne Riddell & Co. and Mr. R. Keith Duncan, C.A., of Winspear, Higgins, Stevenson & Co., be appointed Auditors of the Bank to hold office until the next Annual General Meeting and that their remuneration for the ensuing year be fixed at a sum not to exceed \$42,500, said amount to be divided between them."

Mr. A. E. Hall then requested the shareholders to mark Ballot "C" for the appointment of Auditors.

Mr. Hall stated: "The meeting now is open for the nomination of Directors for the ensuing year, 16 to be elected, and I would ask the Secretary to read the list of proposed Directors who are eligible for election."

The Secretary then read the following names:

Russell J. Bennett, W. Thomas Brown, Donald M. Clark, Q.C., Ralph T. Cunningham, Thomas A. Dohm, Q.C., A. William Everett, Arthur Fouks, Q.C., Albert E. Hall, Coleman E. Hall, William C. Mearns, A. Hoadley Mitchell, G. Buchan McIntosh, Trevor W. Pilley,

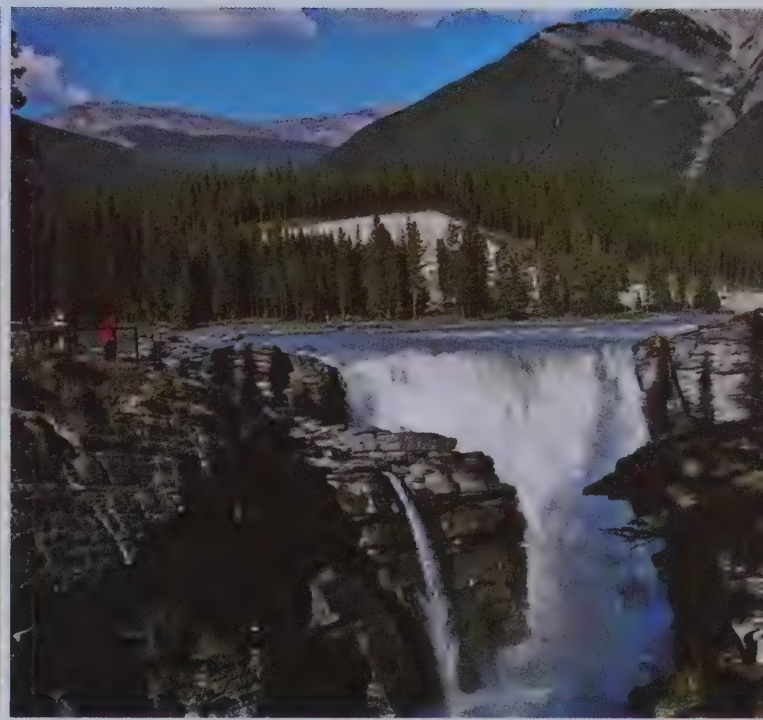
Patrick M. Reynolds, Peter Paul Saunders, J. Bruce Smith.

Mr. R. T. DuMoulin then addressed the meeting as follows: "As a shareholder, and on behalf of all the shareholders, we note with pleasure the continued progress of the Bank from year to year as shown in the statements placed before us. It is a credit to the staff of the Bank, yourself Mr. Chairman, your colleagues and, indeed, it reflects a great deal of hard work on the part of the Directors in serving the Bank. Therefore, I have great pleasure in moving that the persons whose names were read out by the Secretary, which have been received for the 16 vacancies, be nominated as Directors of the Bank."

A shareholder then asked if consideration had been given to the election of a lady as a Director. The Chairman replied that the matter is constantly under consideration and that it is difficult to find a lady shareholder who is qualified as a Director and is also prepared to assume the serious duties and obligations of a Director.

A shareholder then commented on the attendance of Directors at Directors' Meetings. The Chairman replied that a Director's contribution to the growth and progress of the Bank cannot be judged by the number of Directors' Meetings he attends.

Mr. Hall asked if there were any other nominations and, there being none, he declared nominations closed. Mr. Hall then requested shareholders to mark Ballot "D" for the election of Directors.



It was moved by Mr. J. B. Smith, seconded by Mr. A. W. Everett, "that Albert E. Hall, or failing him Trevor W. Pilley, or failing him Donald M. Clark, be and is hereby appointed the true and lawful attorney of the Bank with power of substitution to attend and vote for and in the name of the Bank at any and all meetings of the shareholders of BBC Realty Ltd."

The Chairman then requested the shareholders to mark Ballot "E" for the appointment of attorney.

Mr. Hall addressed the meeting as follows: "Shareholders were advised that a proposed By-law No. 12 would be submitted for enactment by the shareholders to increase the authorized capital stock of the Bank from Ten Million Dollars to Twenty-five Million Dollars. While we do not have any immediate plans for the issue of additional shares, a growing Bank, such as ours, will have a constant need for additional capital. We feel it necessary at this time to establish a higher authorized capital for your Bank so that when additional capital is required we can proceed without calling a special Shareholders' Meeting for this purpose. Therefore, the Board of Directors are recommending for your approval the following By-law and I call on Mr. Fouks for a resolution enacting Shareholders' By-law No. 12.

It was moved by Mr. A. Fouks and seconded by Mr. G. B. McIntosh that the following be enacted as Shareholders' By-law No. 12: "Subject to the approval of the Governor in Council as required by the Bank Act, the authorized capital stock of the Bank is

hereby increased from Ten Million Dollars (\$10,000,000) divided into One Million (1,000,000) shares of the par value of Ten Dollars (\$10.00) each to Twenty-five Million Dollars (\$25,000,000) divided into Two Million Five Hundred Thousand (2,500,000) shares of the par value of Ten Dollars (\$10.00) each."

A shareholder then asked for further explanation as to the need for increasing capital at this time. The Chairman stated that the Bank could not grow in size unless its paid-up capital was adequate to support the growth. He explained that, if it became necessary to market a rights issue, timing was most important and that a special meeting of shareholders to increase capital could cause a delay of up to four months.

It was agreed that the matter should be put to a vote and the Chairman requested shareholders to mark Ballot "F" and requested that Ballots "A" to "F", inclusive, be collected and delivered to the Scrutineers.

Mr. Hall called upon Mr. Victor Dobb, Executive Vice-President and General Manager, to give his report. (Mr. Dobb's report appears on page 8).

Following Mr. Dobb's report, the Chairman introduced Mrs. Geri Reamer and some of her students from Malaspina College.

Mr. Hall called upon Mr. Pilley to address the meeting. (Mr. Pilley's address appears on page 4).

Upon receipt of the report of the Scrutineers the Chairman announced that Ballots "A" to "F", inclusive, had been carried.

A shareholder then asked questions concerning the purpose of and business of the Bank's wholly-owned subsidiary, which were replied to by the Chairman.

A shareholder asked for an explanation of the rest account, and the Chairman stated it was part of the Bank's capital funds.

There being no further questions and no further business, the Chairman then thanked the shareholders for their attendance at the meeting and declared the meeting terminated.

Albert E. Hall,
Chairman.

At the Meeting of the Board of Directors held subsequent to the Annual General Meeting of Shareholders the following Officers were elected: Albert E. Hall, Chairman and Chief Executive Officer; Trevor W. Pilley, President; Ralph T. Cunningham, Vice-President; C. E. Hall, Vice-President; Donald M. Clark, Q.C., Secretary; Miss D. McDermott, Assistant Secretary.



Miss D. McDermott Assistant Secretary



Bank of B.C.

Eight Year Statistical Review (in thousands of dollars)

Revenue, Expenses and Undivided Profits

	1975	1974	1973	1972	1971	1970	1969	1968
Revenue								
Income from loans	\$48,628	\$39,014	\$18,518	\$11,480	\$ 7,360	\$ 5,127	\$ 2,025	\$ 593
Income from securities	3,394	2,142	1,263	1,360	2,505	1,967	1,237	352
Other operating revenue	3,792	2,392	1,434	815	518	300	123	21
Total Revenue	55,814	43,548	21,215	13,655	10,383	7,394	3,385	966
Expenses								
Interest on deposits and bank debentures	33,077	29,095	11,957	7,766	5,496	4,067	1,618	70
Salaries, pension contributions and other staff benefits	9,085	7,129	4,256	2,713	1,984	1,407	836	229
Property expenses, including depreciation	1,891	1,519	1,012	817	639	453	268	136
Other operating expenses	5,937	3,962	2,676	1,555	1,340	944	541	240
Total Expenses	49,990	41,705	19,901	12,851	9,459	6,871	3,263	675
Balance of Revenue	5,824	1,843	1,314	804	924	523	122	291
Provision for income taxes relating thereto	3,000	969	650	370	440	233	—	—
Balance of revenue after provision for income taxes	2,824	874	664	434	484	290	122	291
Appropriation for losses	1,750	549	250	130	283	133	70	250
Balance of profits	1,074	325	414	304	201	157	52	41
Dividends	416	255	255	102	51	—	—	—
Amount carried forward	658	70	159	202	150	157	52	41
Undivided profits at beginning of year	69	49	40	38	38	31	29	—
Transfer from accumulated appropriations for losses	1,225	—	—	—	—	—	—	—
	1,952	119	199	240	188	188	81	41
Transferred to rest account	1,887	50	150	200	150	150	50	12
Undivided Profits at End of Year	\$ 65	\$ 69	\$ 49	\$ 40	\$ 38	\$ 38	\$ 31	\$ 29

Other Information

Balance of revenue per share after provision for income taxes	\$3.69	\$1.71	\$1.30	\$.85	\$.95	\$.57	\$.24	\$.57
Dividends per share	.65	.50	.20	.10	—	—	—	—
Number of Branches	31	29	24	20	18	11	8	3
Valuation day value—December 22, 1971: \$22.25.								

NOTE : For purposes of the Statistical Review, the amounts for the years preceding 1973 have been restated where necessary to conform to 1973 and subsequent year's presentation.

For presentation purposes, certain statutory headings have been abbreviated.

Assets and Liabilities

	1975	1974	1973	1972	1971	1970	1969	1968
Assets								
Cash resources	\$ 97,848	\$ 92,086	\$ 61,814	\$ 38,376	\$ 22,496	\$ 15,108	\$ 9,894	\$ 13,081
Securities	32,249	30,600	16,242	21,685	28,203	35,103	23,382	13,146
Loans	466,595	337,336	235,067	179,452	124,294	68,290	38,190	6,965
Bank premises (net)	3,978	2,911	1,884	1,513	1,462	1,217	1,045	561
Other assets	24,336	18,858	2,859	3,150	1,838	1,553	1,492	114
Total	\$625,006	\$481,791	\$317,866	\$244,176	\$178,293	\$121,271	\$ 74,003	\$ 33,867
Liabilities								
Deposits	\$574,284	\$445,590	\$295,305	\$221,616	\$163,312	\$107,134	\$ 59,638	\$ 20,642
Other liabilities	19,879	15,152	2,774	3,181	1,201	969	1,517	490
Accumulated appropriation for losses	4,020	2,774	1,582	1,333	936	474	311	250
Capital funds								
Debentures	8,000	5,000	5,000	5,000	—	—	—	—
Capital stock	7,658	5,106	5,106	5,106	5,106	5,106	5,106	5,106
Rest account	11,100	8,100	8,050	7,900	7,700	7,550	7,400	7,350
Undivided profits	65	69	49	40	38	38	31	29
Total	\$625,006	\$481,791	\$317,866	\$244,176	\$178,293	\$121,271	\$ 74,003	\$ 33,867

Accumulated Appropriations for Losses

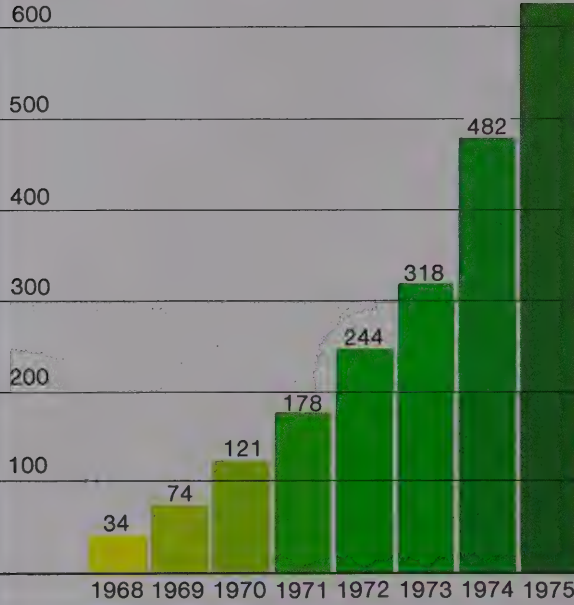
Accumulated Appropriations at beginning of year	\$ 2,774	\$ 1,582	\$ 1,333	\$ 936	474	\$ 311	\$ 250	—
Additions (Deductions) during year:								
Appropriations from current year's operations	1,750	549	250	130	283	133	70	250
Loss experience on loans less provision included in other operating expenses	(67)	345	(250)	147	(69)	(87)	(9)	—
Profits and losses on securities, etc.	287	(282)	(6)	26	(9)	—	—	—
Credit for income taxes	501	580	255	94	257	117	—	—
Transferred to undivided profits	(1,225)	—	—	—	—	—	—	—
	1,246	1,192	249	397	462	163	61	250
Accumulated Appropriations at end of year:								
General	3,955	2,769	1,577	1,328	936	474	311	250
Tax Paid	65	5	5	5	—	—	—	—
Total	\$ 4,020	\$ 2,774	\$ 1,582	\$ 1,333	\$ 936	\$ 474	\$ 311	\$ 250

Rest Account

Balance at beginning of year	\$ 8,100	\$ 8,050	\$ 7,900	\$ 7,700	\$ 7,550	\$ 7,400	\$ 7,350	\$ —
Premium on issue of capital stock	1,113	—	—	—	—	—	—	7,338
Transfer from undivided profits	1,887	50	150	200	150	150	50	12
Balance at end of year	\$ 11,100	\$ 8,100	\$ 8,050	\$ 7,900	\$ 7,700	\$ 7,550	\$ 7,400	\$ 7,350

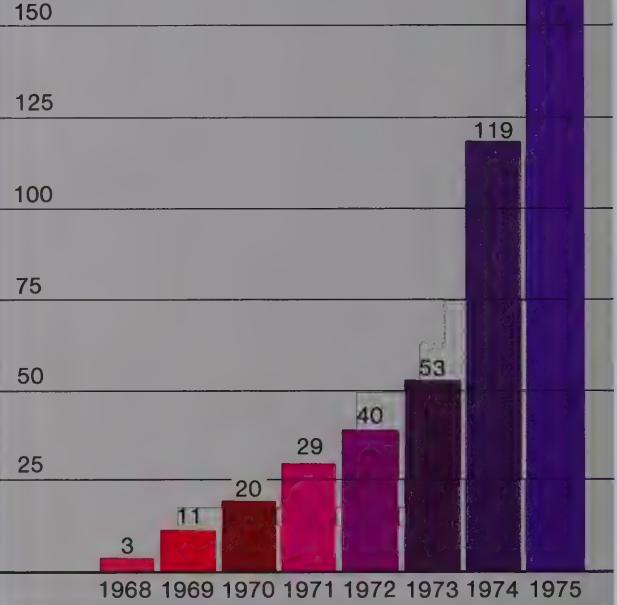
GROWTH OF TOTAL ASSETS

(\$ Millions)



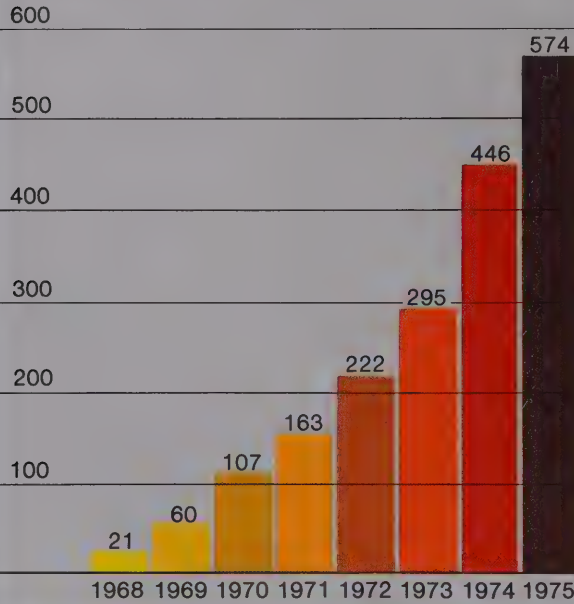
GROWTH OF PERSONAL SAVINGS DEPOSITS

(\$ Millions)



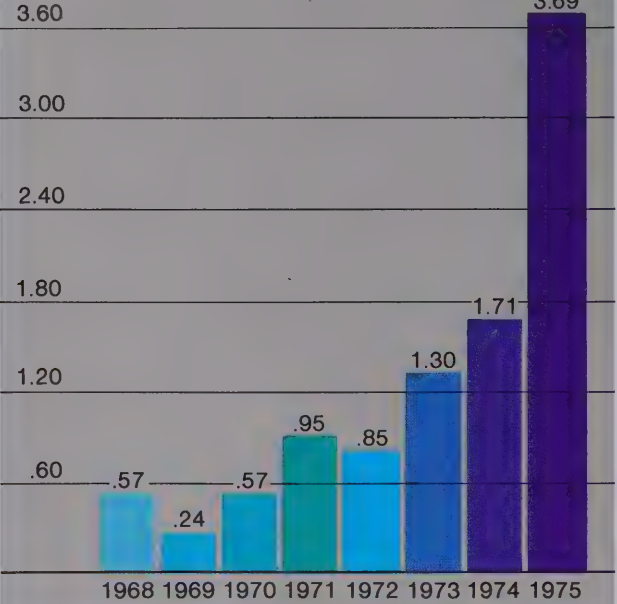
GROWTH OF TOTAL DEPOSITS

(\$ Millions)



BALANCE OF REVENUE AFTER PROVISION FOR INCOME TAXES PER SHARE

(\$ (NUMBER OF SHARES OUTSTANDING AT YEAR END))





The success of the Bank's International Banking Department has been achieved by a specialized team of officers possessing a diverse range of experience and expertise.

International Banking

The past year saw a totally new climate in International Markets, in the wake of world-wide recession, heavy foreign exchange losses and several bank failures. Reinvestment of surplus funds from oil-producing countries proved to be less of a problem than had been feared and the International Banking system showed its flexibility in dealing with its share of re-cycling. The other most encouraging development was a return to high-quality lending opportunities at

realistic rates, with reasonable repayment schedules.

The International Banking Department was well placed to take advantage of these attractive new opportunities. As a result, a moderate expansion of business resulted in a major increase in earnings. In the short-term market, a good volume of inter-bank and money market loans, together with increased turnover in commercial foreign exchange, led to increased earnings from these sources. In the medium-term market, yields in-

creased considerably and loan maturities became shorter. This provided opportunities for attractive and profitable new business.

We are heavily dependent on our global network of major banking correspondents and regular contact has been maintained by travel to markets in Asia, The Americas and Europe. Simultaneously, our San Francisco Agency is playing a significant role in the ever-growing International Banking community of California.



Executive Officers:

Left to right (standing): Albert E. Hall, Chairman and Chief Executive Officer; Wayne W. Allen, Senior Executive Vice President.

Left to right (sitting): F. Peter Darling, Executive Vice President; Trevor W. Pilley, President; Victor Dobb, Executive Vice President and General Manager.

Left to right:

C. J. Nordstrom, R. E. P. Allan and H. Daigleish, Vice Presidents.

M. S. Rogers and L. J. Fowler, Assistant General Managers.



Left to right (standing): A. E. Miles-Pickup, Vice President; J. M. A. Briden, Assistant General Manager; H. J. Bow, Vice President; G. R. Wallace, Assistant General Manager.

Left to right (sitting): G. H. Fries, Assistant General Manager; K. R. Culham, Assistant General Manager.

Executive Officers

ALBERT E. HALL
Chairman and
Chief Executive Officer

TREVOR W. PILLEY
President

WAYNE W. ALLEN
Senior Executive Vice President

F. PETER DARLING
Executive Vice President

VICTOR DOBB
Executive Vice President
and General Manager

Vice Presidents

R. ERIC P. ALLAN, Alberta
Operations

HENRY J. BOW, International

HUGH DALGLEISH, Chief Inspector

ARNOLD E. MILES-PICKUP,
Investments

CAROL J. NORDSTROM,
Administration

Assistant General Managers

JAMES M. A. BRIDEN, Credit

KERMIT R. CULHAM, Human
Resources

LESLIE J. FOWLER, Chief Accountant

GORDEN H. FRIES,
Administration

MICHAEL S. ROGERS, Manager
Vancouver Main Office

GORDON R. WALLACE, Branch
Operations & Marketing

Corporate Officers

R. K. BURNSIDE—Superintendent
Credit

P. C. DIRK—Superintendent Credit

A. K. C. EE—Superintendent
International

W. A. FRANKLIN—Superintendent
Data Processing

J. W. FRIES—Manager Business
Development

G.J. MOS—Senior Economist

D. W. MULLER—Superintendent
Investments

G. M. O'KEEFE—Superintendent
Premises

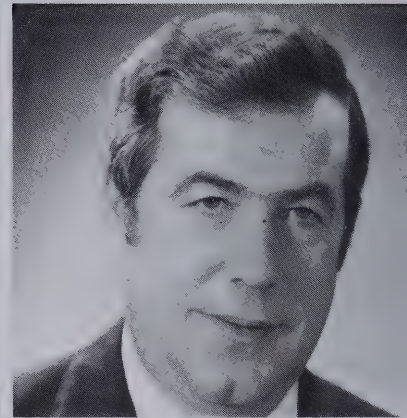
F. M. SHARPE—Superintendent
Consumer Credit

J. F. STIMSON—Superintendent
Marketing

J. G. WIGHTMAN—Manager
Mortgages

Board of Directors

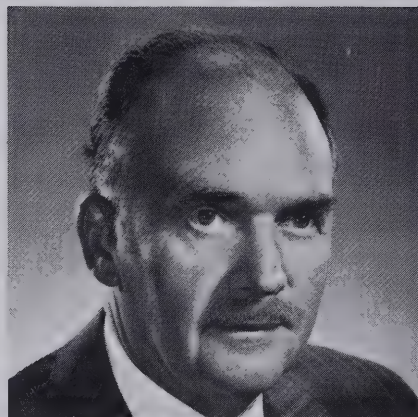
ALBERT E. HALL
Chairman and Chief Executive Officer
TREVOR W. PILLEY
President



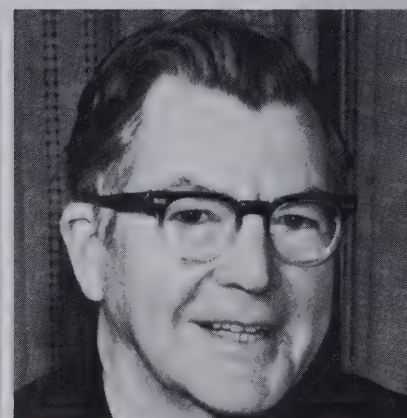
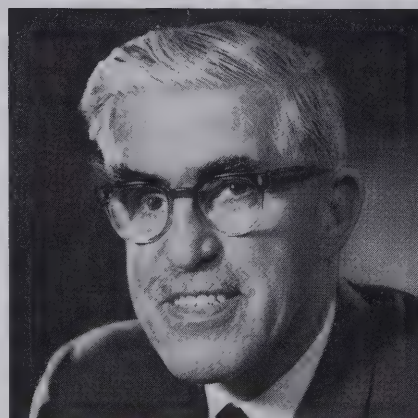
RALPH T. CUNNINGHAM
Vice President
Executive
Vancouver, B.C.
COLEMAN E. HALL
Vice President
President
Devonshire Hall Ltd.

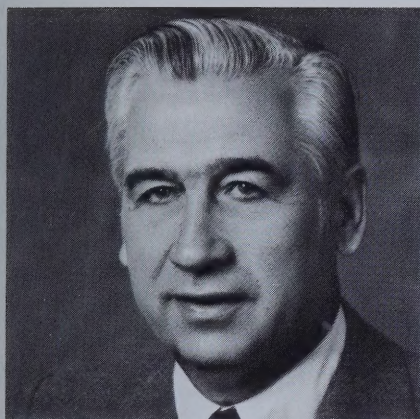


DONALD M. CLARK, Q.C.
Secretary
Senior Partner
Clark, Wilson & Co.
Vancouver, B.C.
R. J. BENNETT
Westbank, B.C.
President
M.W. Stores Ltd.

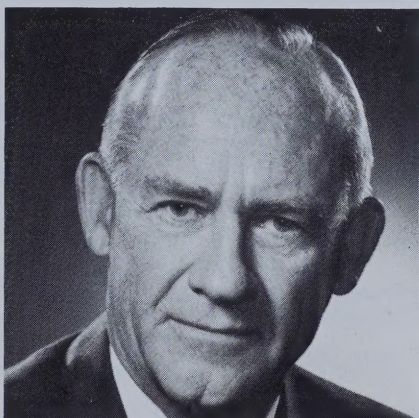
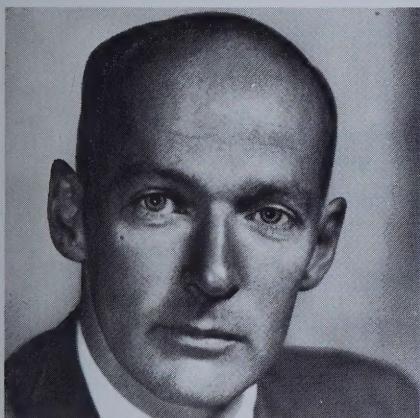


W. T. BROWN
Vancouver, B.C.
Chairman and Chief Executive Officer,
Odum Brown & T. B. Read Ltd.
THE HONOURABLE T. A. DOHM, Q.C.
Vancouver, B.C.
Senior Partner,
Dohm, Macdonald, Russell & Kowarsky

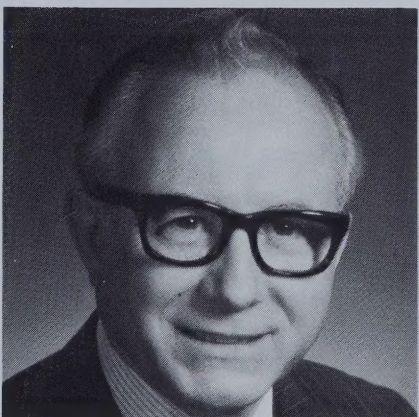




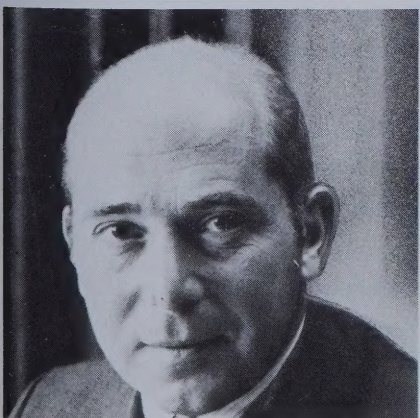
A. W. EVERETT
Vancouver, B.C.
President, Dominion Vancouver
Motors Limited
A. FOUKS, Q.C.
Vancouver, B.C.
Senior Partner,
Bonner & Fouks, Barristers & Solicitors



G. B. McINTOSH
Vancouver, B.C.
Senior Partner,
Lawson, Lundell, Lawson & McIntosh
W. C. MEARNS
Victoria, B.C.
President, Rockcliffe Estates Ltd.



A. H. MITCHELL
Edmonton, Alberta
President, Mitchell &
Associates Ltd.
P. M. REYNOLDS
Vancouver, B.C.
President and Chief Executive
Officer, Bethlehem Copper
Corporation Ltd.



P. P. SAUNDERS
Vancouver, B.C.
Chairman and President,
Cornat Industries Ltd.
J. B. SMITH
Kelowna, B.C.
President, Okanagan
Holdings Limited

Branches

British Columbia

Vancouver

Main
999 West Pender Street

M. S. ROGERS, Assistant General Manager
and Manager

E.V. ANDRUSIAK, Senior Account Manager

Broadway & Willow
800 West Broadway

J.D. AUSTEN, Manager

Burnaby
5210 Kingsway

C.W. KROEKER, Manager

Chinatown
601 Main Street

H. FETIGAN, Manager

J.C.H. TSOV,
Account Manager & Special Representative

Denman Street
1047 Denman Street

N. R. McKENZIE, Manager

Fraser & 48th
6373 Fraser Street

K.P. BOYER, Manager

937 West Georgia Street

A.C. GRAHAM, Manager

J.D. RATTRAY, Senior Account Manager

Granville & 13th
2899 Granville Street

J.B. CARLSON, Manager

Hastings & Penticton
2599 East Hastings Street

A.C. PROPP, Manager

Kerrisdale
2164 West 41st Avenue

D. DUKE, Manager

North Vancouver
1457 Lonsdale Avenue

J.W. SORENSON, Manager

West Vancouver
1645 Marine Drive

R. F. ELLIS, Manager

Fraser Valley

Abbotsford
33700 Essendene Avenue

A. FERGUSON, Manager

Chilliwack
1 Main Street

G.T. FEARNLEY, Manager

Langley
20437 Fraser Highway

R. O. ABRAMS, Manager

Lower Mainland

New Westminster
731 Columbia Street

D.J. HUIE, Manager

Richmond
680 No. 3 Road

C.A. HETHERINGTON, Manager

Surrey
10241 King George Highway

R. W. DREVANT, Manager

White Rock
1493 Johnson Road

P.T. WEBB, Manager

Interior

Cranbrook
1001 Baker Street

H.D. LUNDELL, Manager

Kamloops
380 Victoria Street

L.C. EARLE, Manager

Kelowna
313 Bernard Avenue

C.A. BIRTCH, Manager

Penticton
294 Main Street

V.N. DAVIES, Manager

Vernon
3321 Barnard Avenue

G.T. CAMERON, Manager

Island

Victoria Main
752 Fort Street

H.J. STEELE, Manager

Victoria
Douglas & Johnson Streets
1327 Douglas Street

V.E. BROEDER, Manager

Nanaimo
70 Commercial Street

J. C. WRIGHT, Manager

W.B. IBBOTT, Senior Account Manager

Alberta

Calgary
Main
444 - 5th Avenue, S.W.

D.H. PENDER, Manager

Alberta Place
1530 - 4th Street, S.W.

F.W. GOODMAN, Manager

Edmonton
Main
10065 Jasper Avenue

R.E.P. ALLAN, Vice President

W.P. GIALET, Senior Account Manager

10561 Jasper Avenue

F.E. CHAMBERS, Manager

J.J. LAPICKI, Senior Account Manager

International Agency

San Francisco, California
#735 - 300 Montgomery Street

C. BETTLES, Agent

Services

Bank of British Columbia's full range of services includes:

- Inflation Fighter Certificates
- Inflation Fighter Savings Accounts
- Pioneer Service Plan
- Western Accounts
- WestBank Savings Accounts
- Chequing Savings Accounts
- Personal Chequing Accounts
- Certificates of Deposit
- Current Accounts
- WestBank Retirement Savings Plan
- WestBank Home Ownership Savings Plan
- WestBank Loans
- Automobile Loans
- Mobile Home Loans
- Pleasure Boat Loans
- Student Loans
- Home Improvement Loans
- Business Loans
- Farm Improvement Loans
- Fisheries Improvement Loans
- Mortgage Loans
- Drafts
- Money Orders
- Money Transfers
- Night Depository
- Safety Deposit Boxes
- Safekeeping
- Travellers Cheques
- Commercial Letters of Credit
- Securities Transactions
- Foreign Exchange
- Bank-by-mail
- Bankers' Acceptances



**Bank of
British Columbia**

Head Office:
1725 Two Bentall Centre,
Vancouver, British Columbia